



# **Third Quarter 2011 Marketing Report To The City of Branson**

**Branson/Lakes Area Chamber/CVB**

**November 22, 2011**

# Presentation Overview



- **2011 Economic Outlook**
- **2011 Travel Industry Overview**
- **2011 Q3 Branson Update**
- **2011 Ad Effectiveness Study**

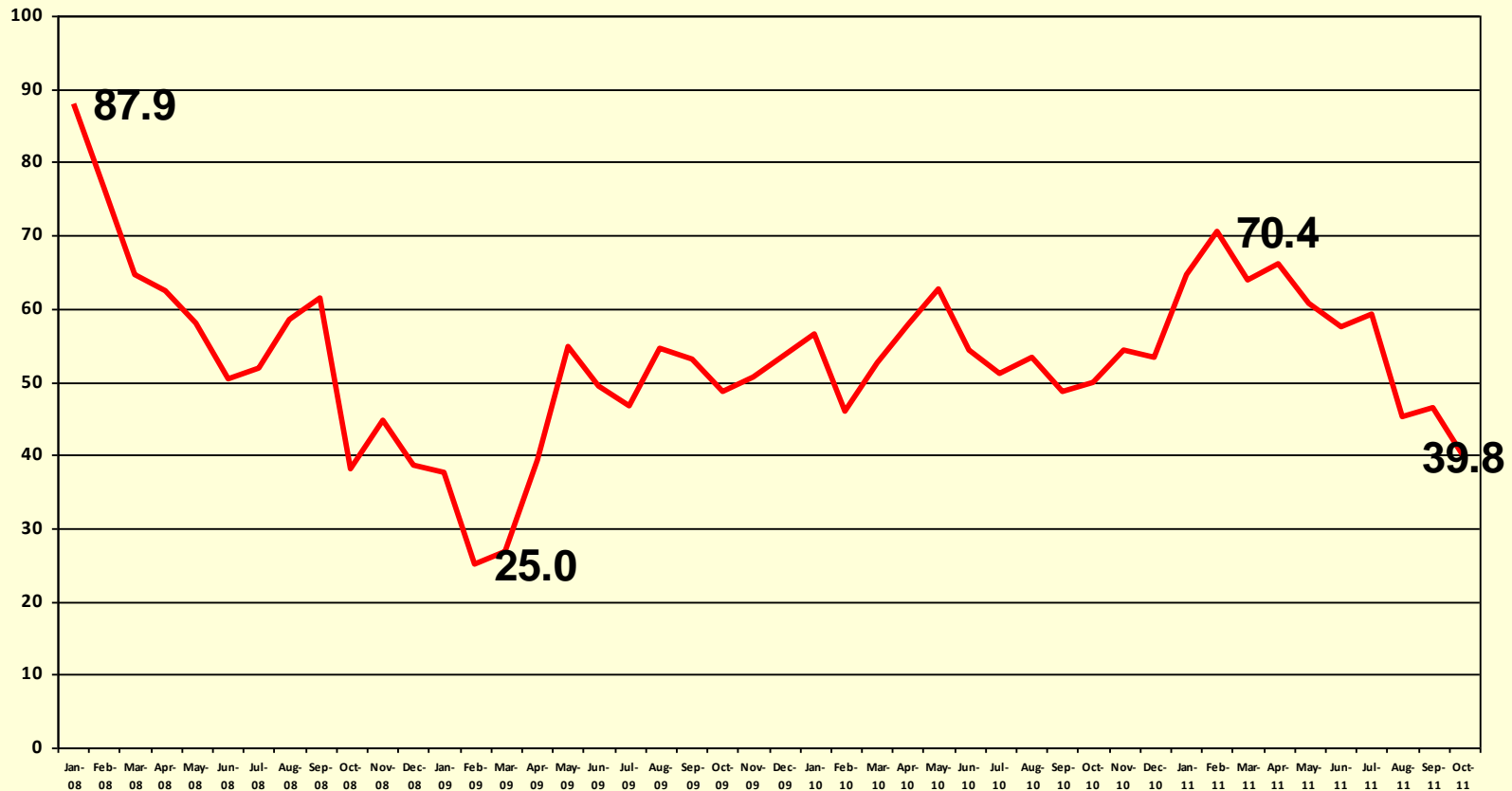




# Economic Outlook

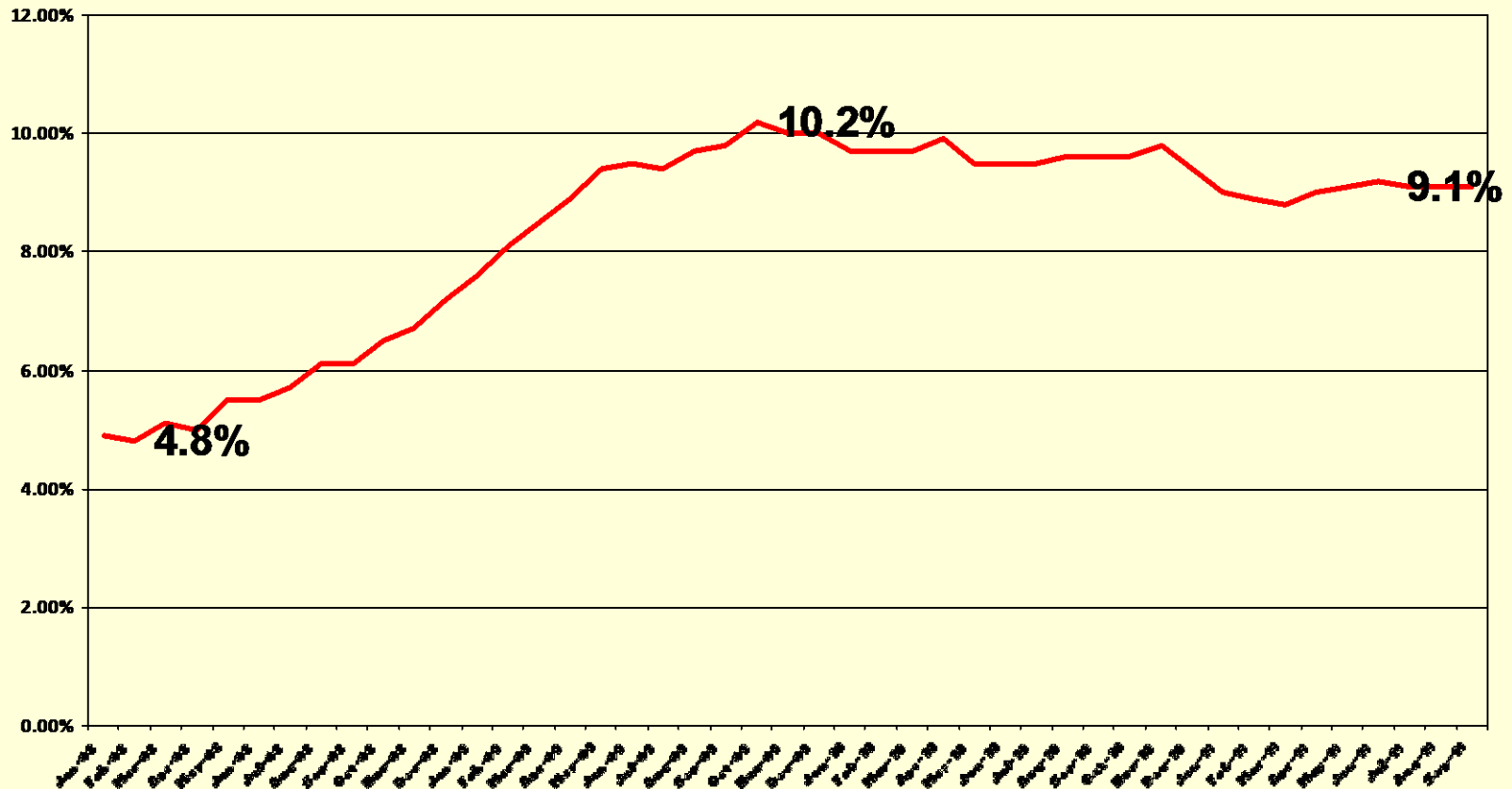
# Consumer Confidence

Consumer confidence remains perilously low. An index of 90 is required for sustainability and 100 is needed to represent growth. We now sit at 39.8.



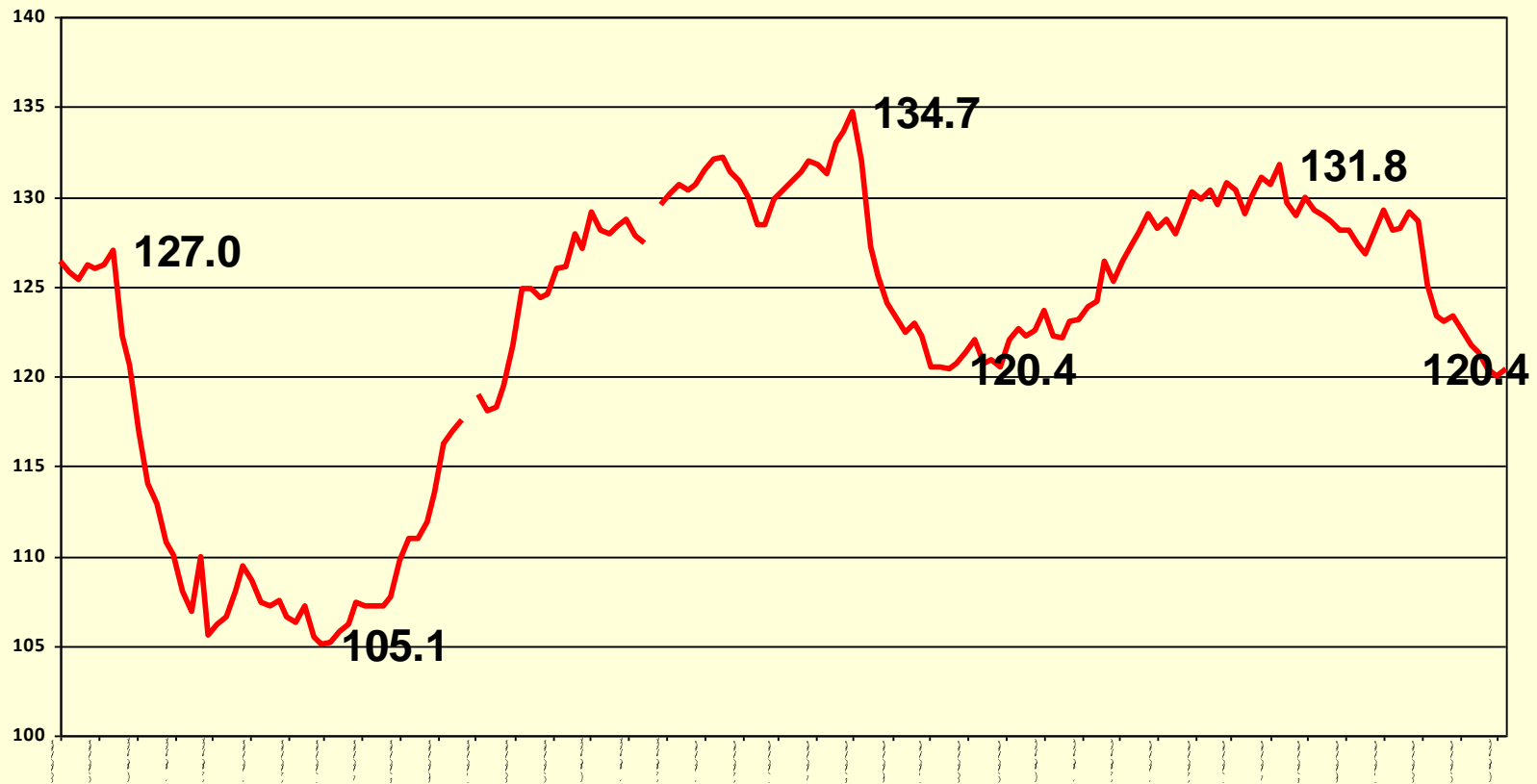
# U.S. Unemployment Rate

U.S. unemployment remains high by historic standards.



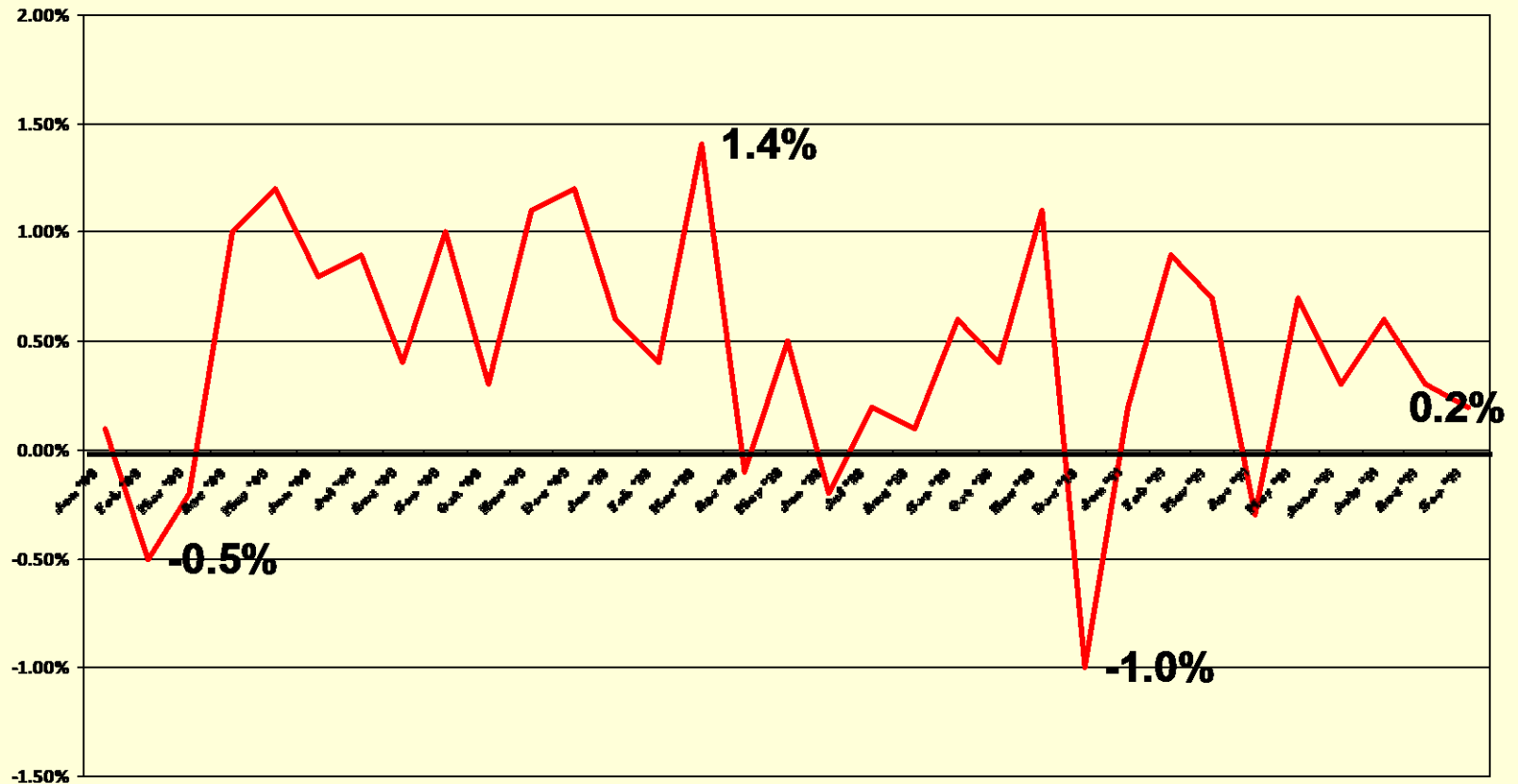
# Weekly Leading Index

The WLI, which looked great last spring, has waned in recent months.



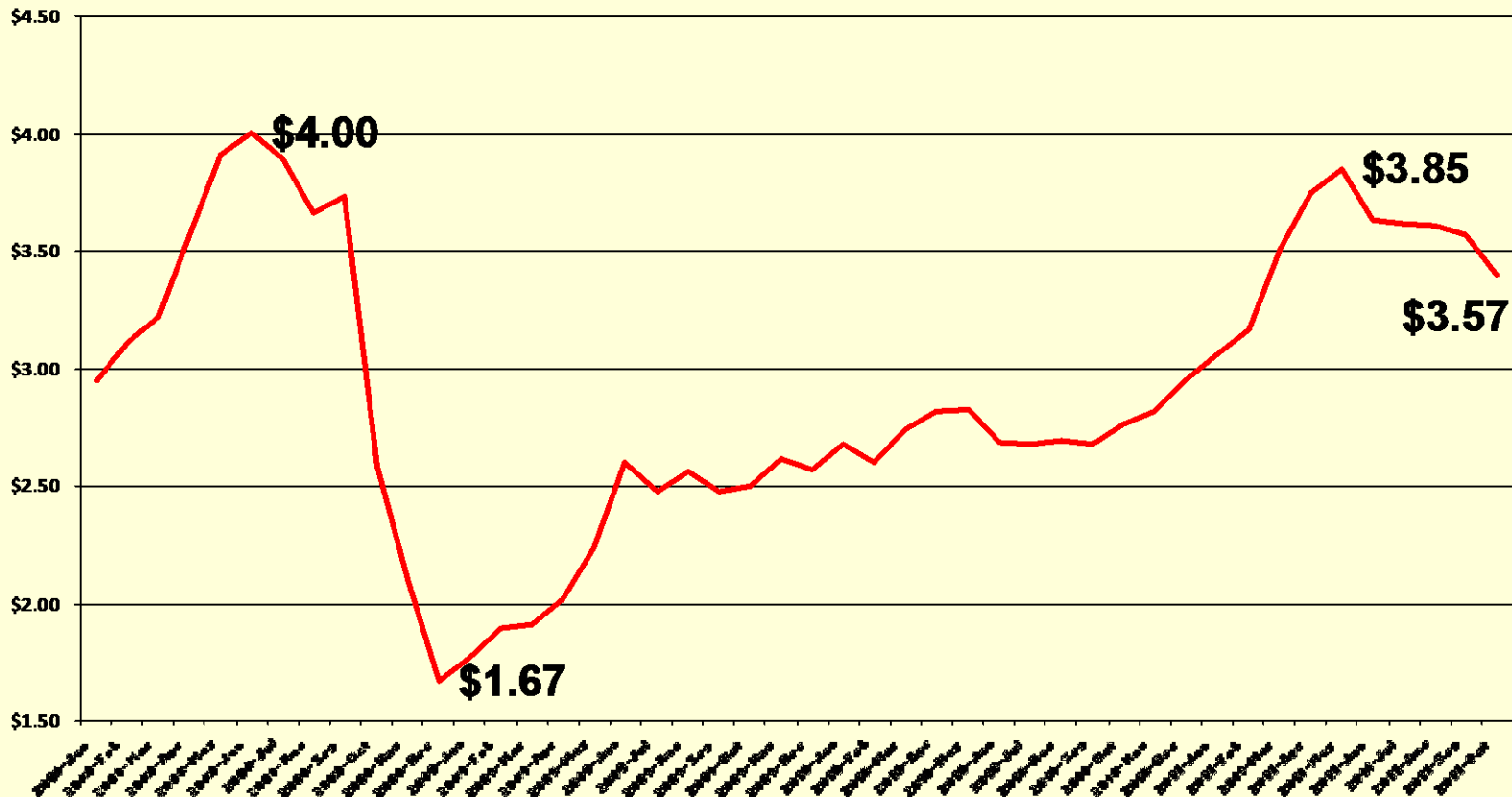
# Index of Leading Economic Indicators

Recent figures from the Conference Board show mixed results that have been slightly positive in recent months.



# Average U.S. Gasoline Prices

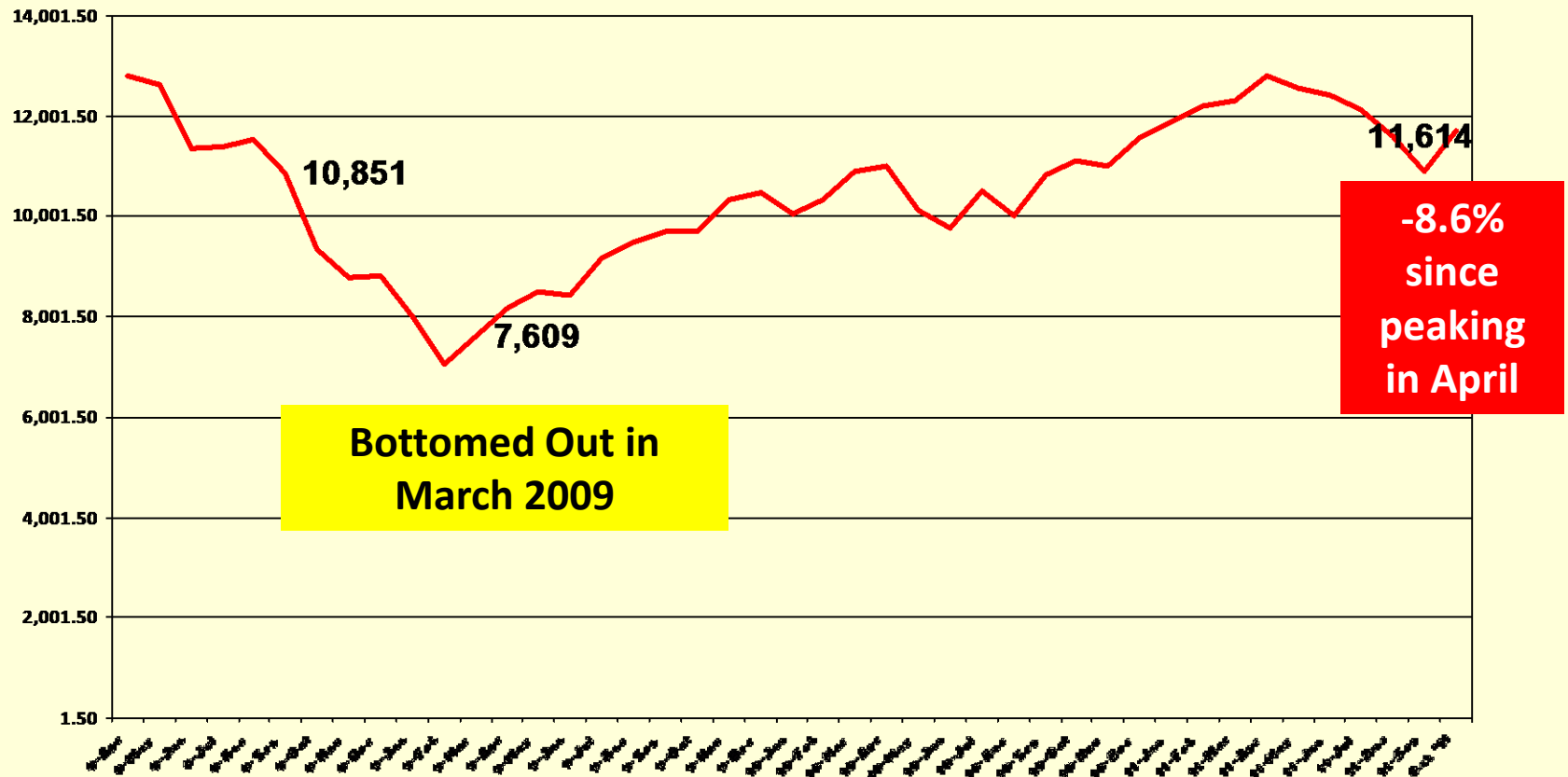
Gasoline prices have slipped in recent months.





# Dow Jones Industrial Average

Thanks to steady increases in corporate profits the DJIA performed well in 2009, but has produced mix results over the past six months.





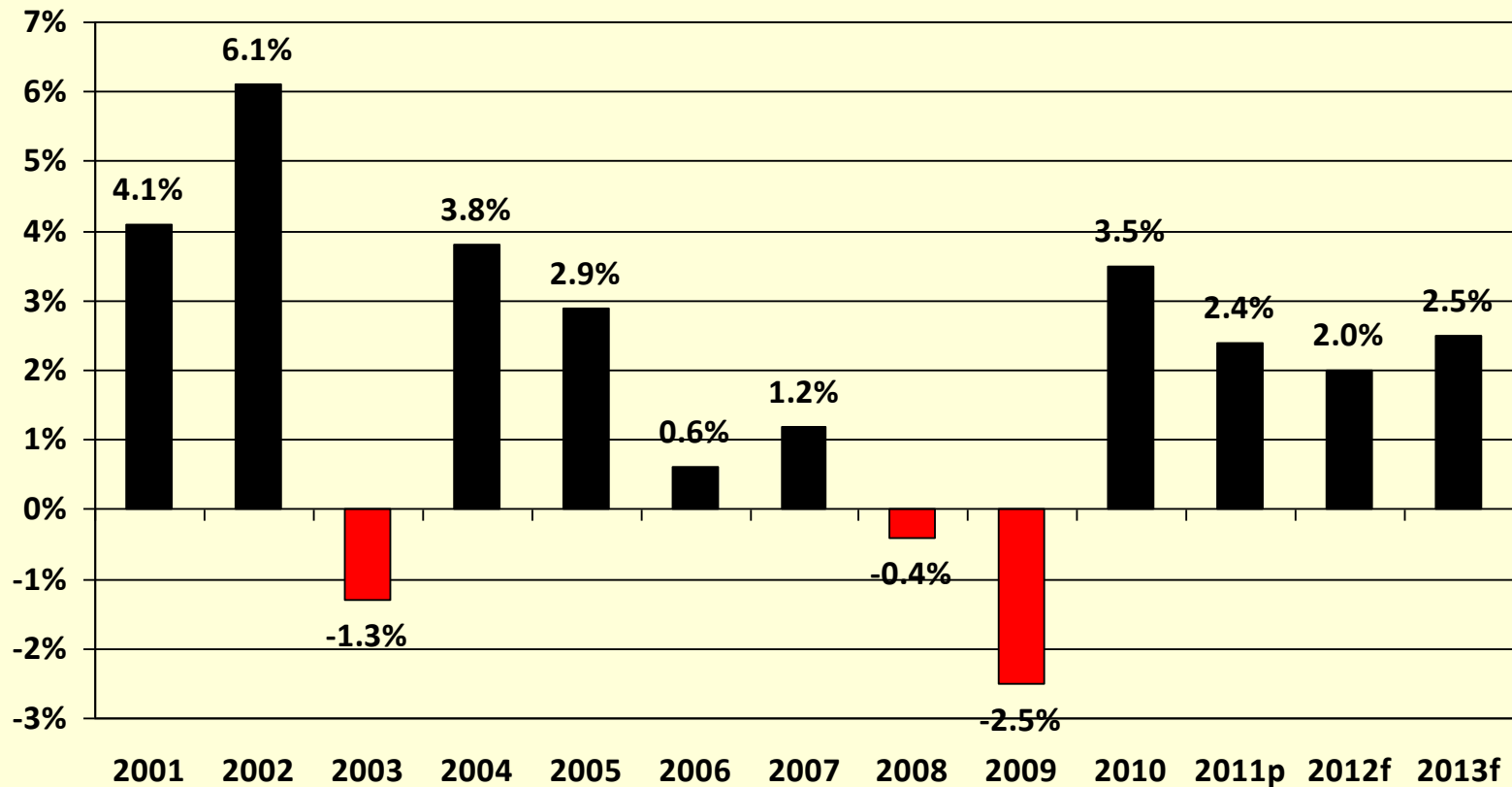
# **Travel Industry Overview**

According to the U.S. Travel Association,  
**travel prices are up 6.0%** this year and  
**leisure trips are expected to  
rebound 2.4%** while business trips will  
likely be up 1.2%



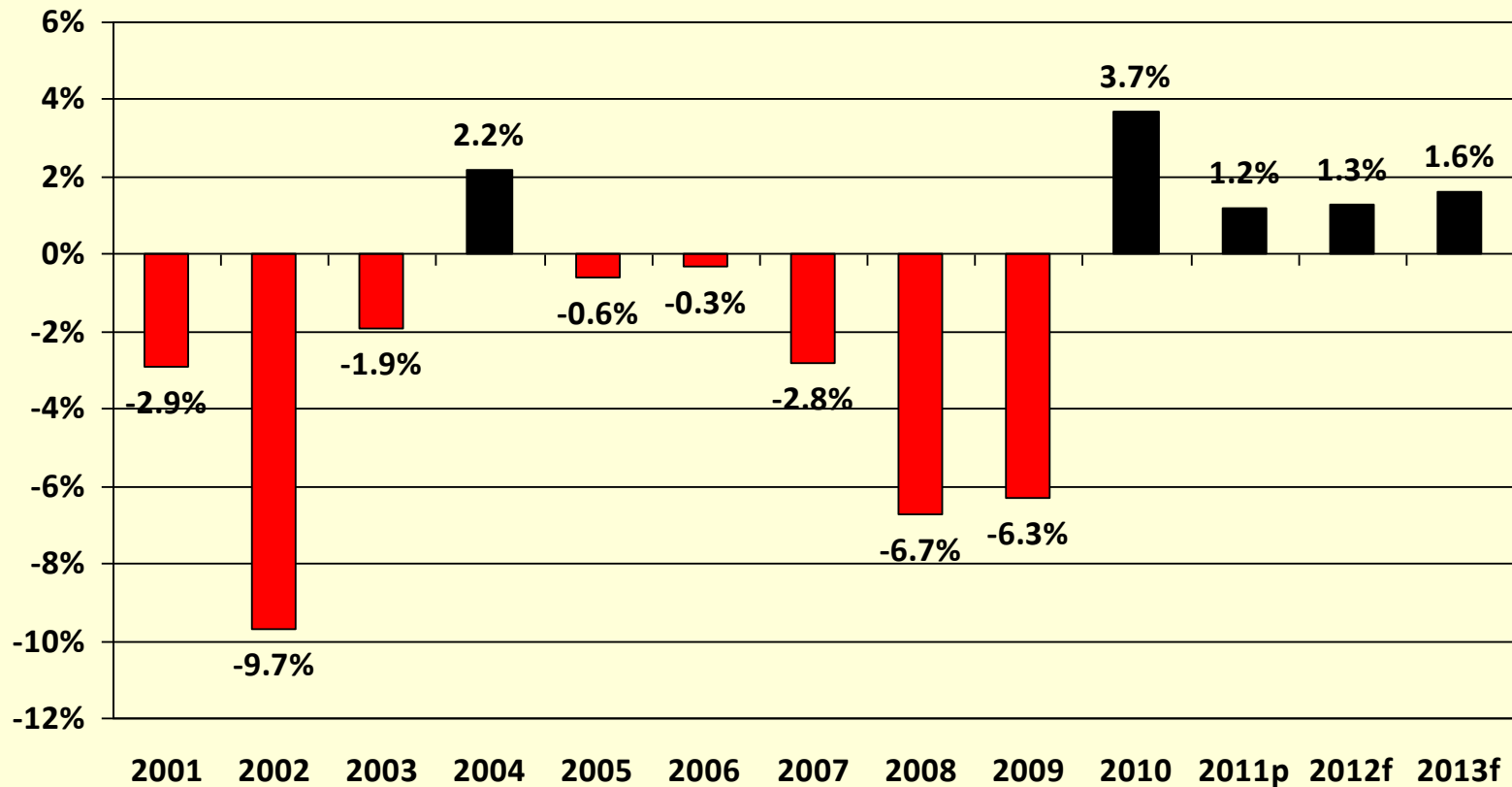
# Leisure Trip Forecast

This year industry experts expect leisure trips to increase by 2.4% and slow to +2.0% next year.



# Business Trip Forecast

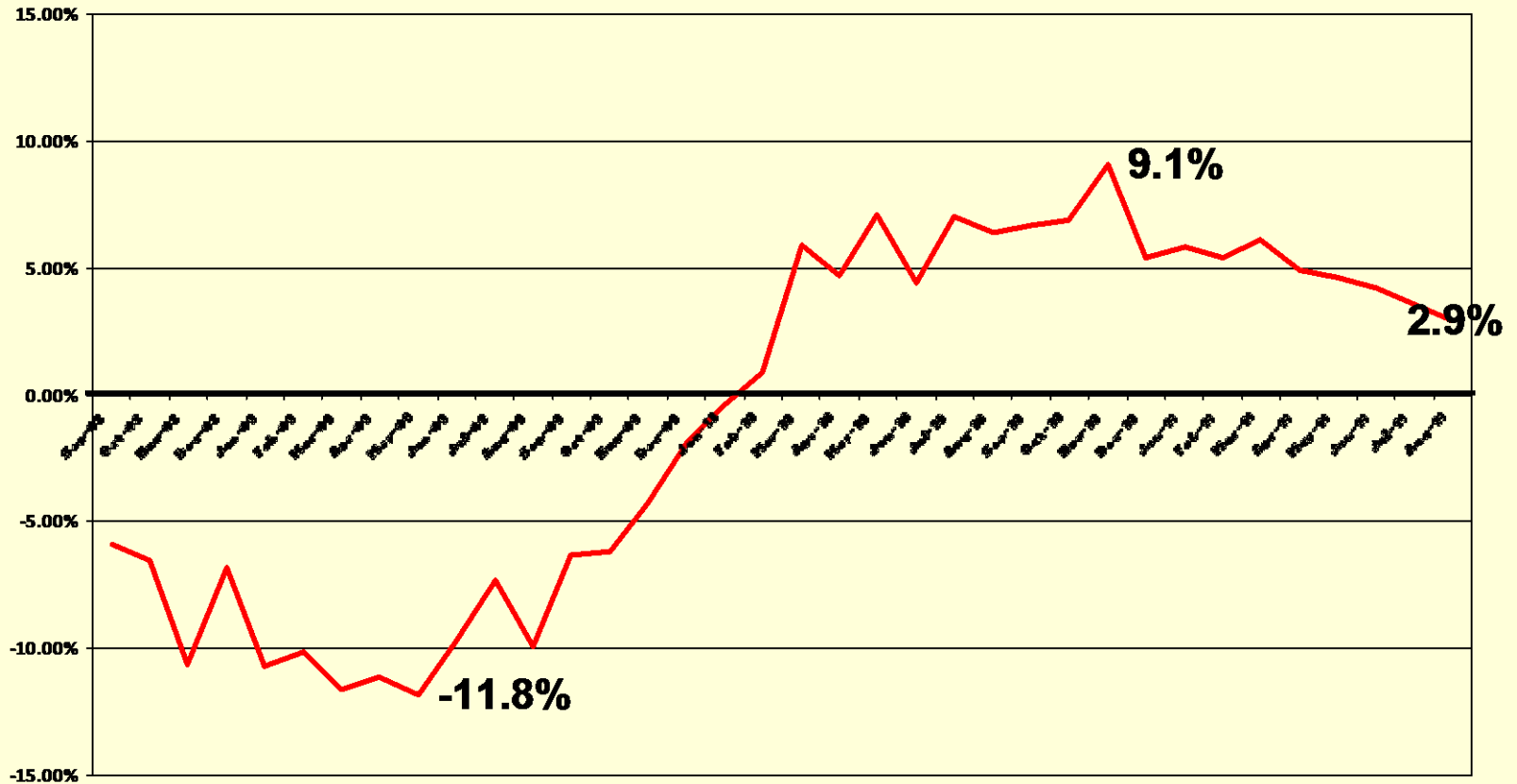
Business travel is expected to slow in 2011 to +1.2% after outpacing leisure travel last year.



# Smith Travel Research

## U.S. Room Demand Variance

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However, the **rebound is not universal**. **Luxury and upscale** hospitality **price points** are **performing much better** than mid-price, economy and budget price points.

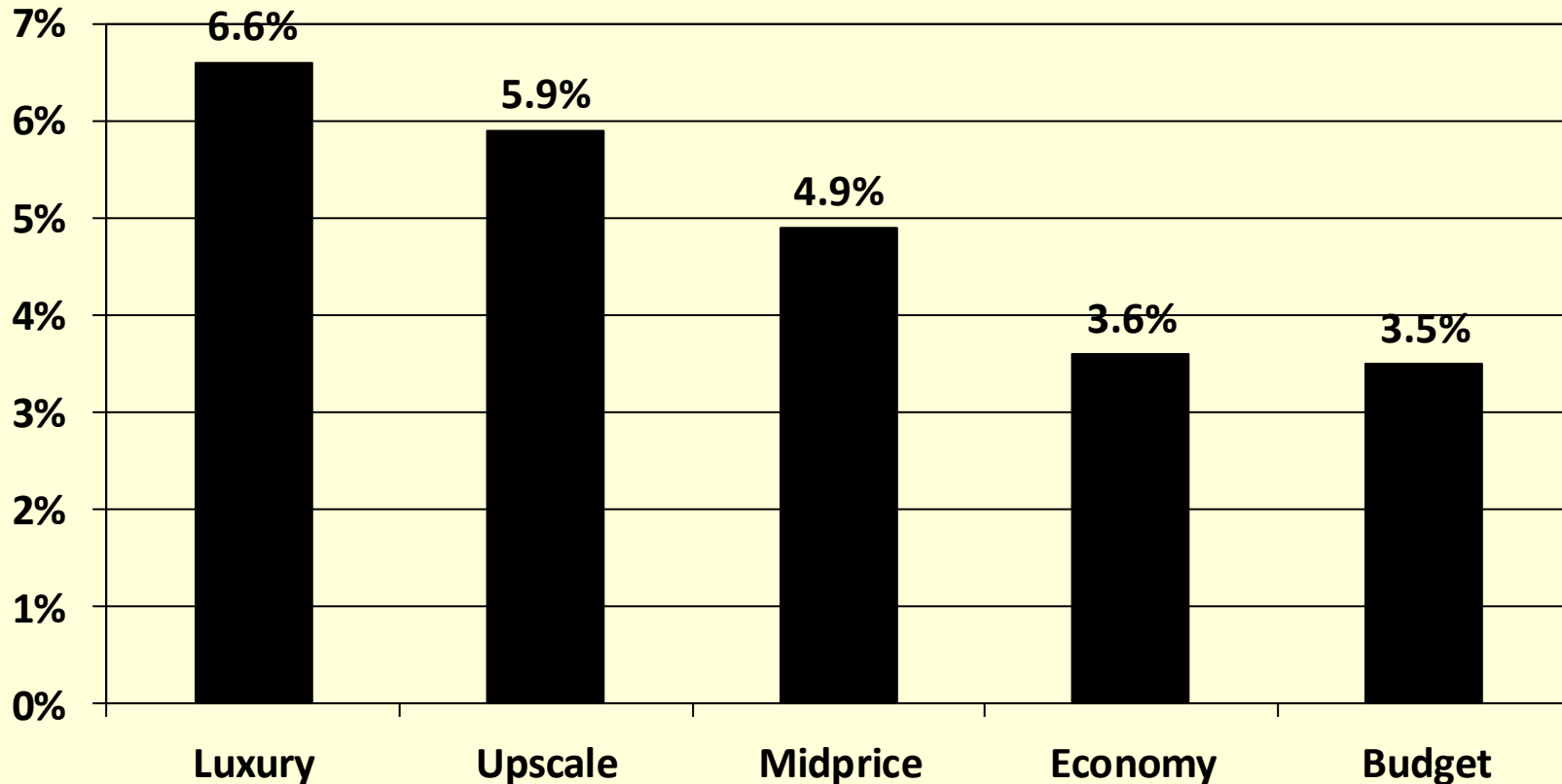


# Smith Travel Research

## Room Demand by Price

*YTD through September*

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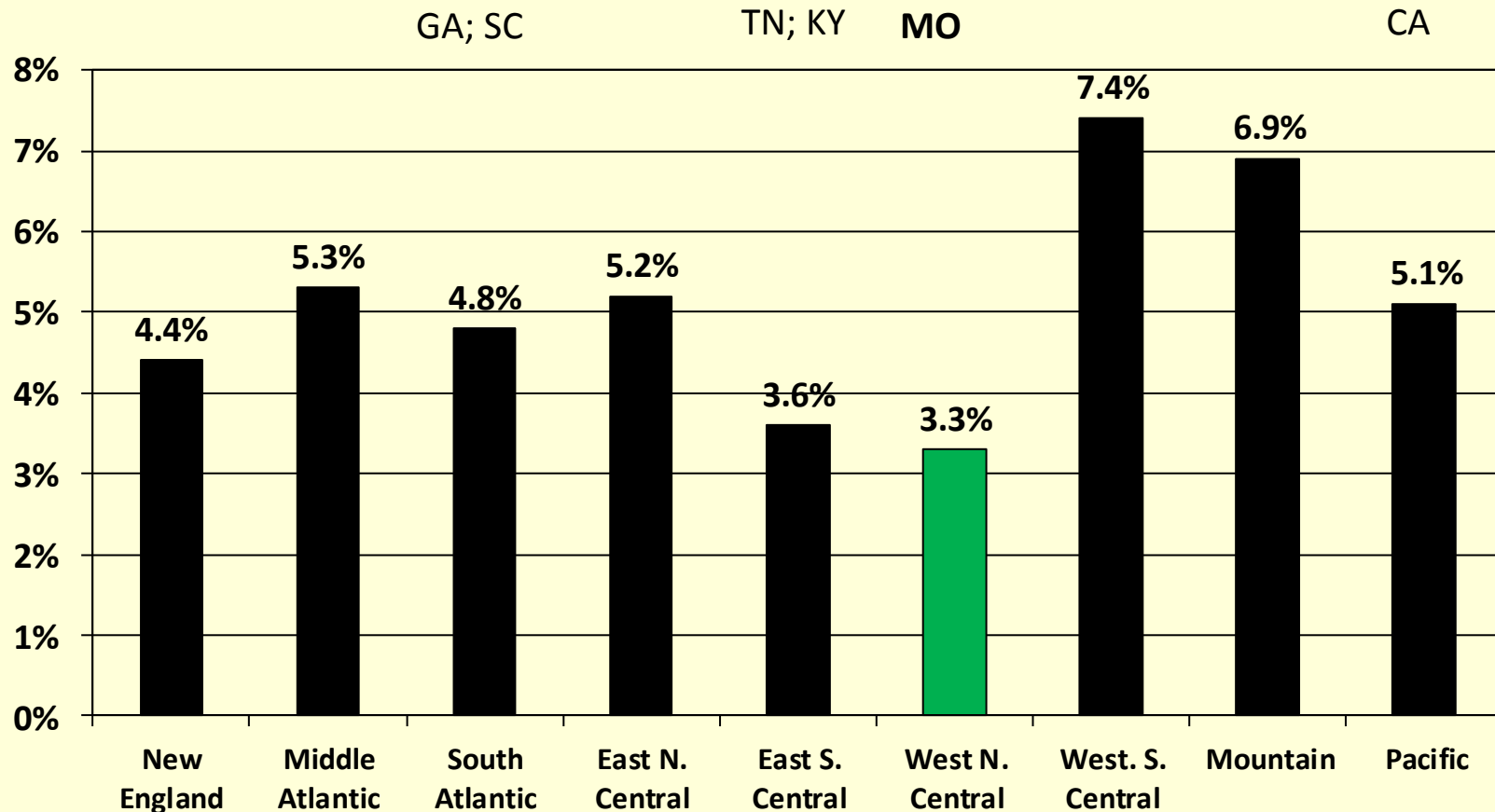




# Smith Travel Research

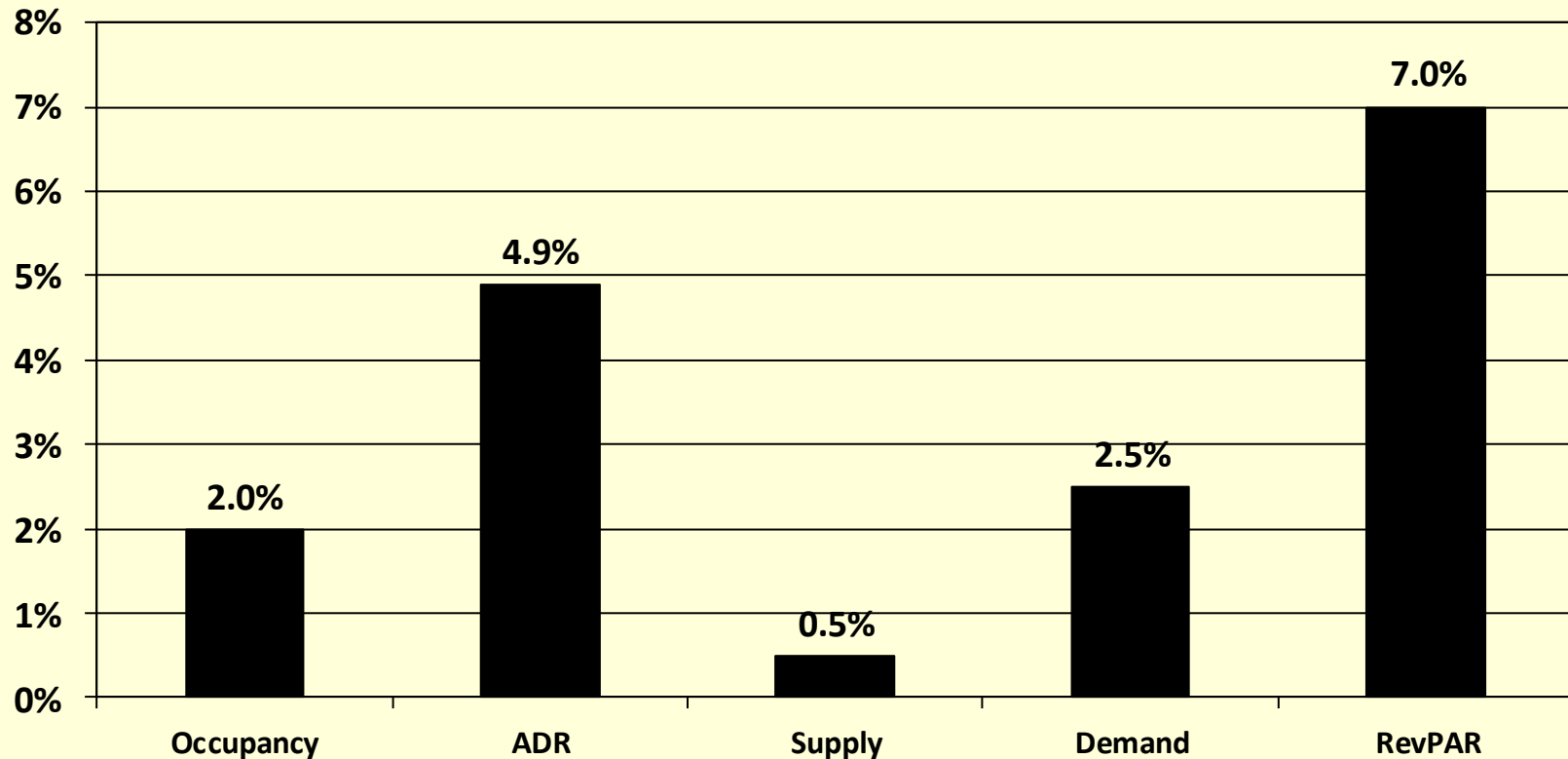
## Room Demand by Region

*YTD through September*



# Smith Travel Research 2012 Forecast

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# Consumer Trends & Insights



# Travel Industry Overview

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- **Consumers have become far more complex.** According to The Futures Company (formerly Yankelovich, a company who has tracked consumer attitudes since the 1960s) consumers have become far more complex over the past 5-6 years than anytime in the past 3 decades. Most of the marketing models that we have used our entire careers were built for entirely different consumers—and we're not likely to ever see that customer again.
  - **Driving these differences is consumers' perception of where we are today and where things are headed.** In a nationwide survey, only 19% say we as a nation are doing "very/fairly well"—fewer than one in five. Today's consumer defines this new world with one word, "Volatility." Things are more unsettled today than they have ever seen before. We are living in a time of unprecedented change.
  - **Change is in the air.** But, the change we see today is not entirely economic. This year alone we've dealt with the Japan tsunami, Arab Spring, rising-falling-rising oil prices, Euro debt crisis, housing crisis, state/local government cutbacks, federal budget battles, S&P warning/downgrades, inflation risks, long-term unemployment...
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# Travel Industry Overview

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- **But, change is not confined to the economy.** According to the 2010 Census we are also considerably older, more Hispanic, less wedded, fewer traditional families, less enchanted with children, more embracing of several generations living under one roof, more inclusive of same-sex unions, more aware of cultural diversity, more suburban, less rural and more leaning toward the South and West. We're marrying and having children later in life. Household structure is at a tipping point.
- **The marketplace has been shorn in two.** It is time to abandon the idea of mass affluence. The desire to "trade up" or have more that drove the past generation is gone. The idea simply no longer resonates with most consumers—including the half who have been affected by the recession financially and the other half who have been effected emotionally. TNS recently found that nearly half of Americans could not come up with \$2,000 within 30 days if they had a sudden expense occur. Short of extreme measures (selling the house), 47% could not do it. In fact, 28% couldn't even come up with \$2,000 even if they resorted to extreme measures.

# Travel Industry Overview

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- **A large percentage of middle-class Americans are financially fragile.** If they lost their job, 61% could not continue paying their mortgage for 5 months—20% couldn't even make the payment for a single month. Overall, one-third of all Americans are a single paycheck away from homelessness. The marketplace is smaller today.
- **But, half are not really financially impacted at all.** High unemployment is hitting a small group of people particularly hard. In this recession, the same people have been out of work for months/years. In past recessions unemployment was more spread out, e.g. people lost jobs, then found jobs while someone else then lost their job. This time it is the same people who continue to not have jobs. Those hit especially hard in this recession include young adults, men, minorities, Hispanics and those who are less educated.
- **Our aspirations have changed.** Focus groups conducted with Millennials indicate that the milestones of adulthood are not what they once were. That is, young people used to say that a sign of adulthood was moving out, getting their own place, having a mortgage, getting married or having a child. Today, with many Millennials moving back in with mom and dad, these “milestones” are different.

# Travel Industry Overview

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- Today, many Millennials see adulthood as “moving off the family’s cell phone plan,” “doing your own laundry,” “keeping a plant alive,” “having no ridiculous pictures on Facebook” or “being bailed out of jail by friends instead of parents.” **Americans feel a different connection to the market place.**
- **Caution: Risk is everywhere.** Risk and uncertainty are back on the table. We have not learned to be frugal and not spend during this recession. What we have learned is that there is substantial risk out there and risk is not smart. We’ll spend again in the future, but we’ll likely manage our risks better. As a result, taking risk out of the equation has presented a huge marketing opportunity. Fully 69% say they are worried about their financial situation despite the fact they have been taking measures to live within their means. This includes 57% of those earning \$100,000 a year or more, 62% of those earning \$75k-\$100k and 71% of those earning \$50k-\$75k. We are all worried about exposure to risk, regardless of income.

# Travel Industry Overview

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- **Security is the new ambition.** Americans are more cautious today than they were just a few years ago because they're noticing the impact that risk has on their lives. In 2007, 61% said that if they lost a job they could easily find another. Today that ratio has dropped to 36%.
- **We will spend again.** But, we will not likely spend with indulgent abandonment as we did before. The lesson learned here is not one of frugality, but rather that we need to manage our exposure to risk.
- **Curation.** Our circles of intimacy are getting smaller, tighter. "Marketing" is now "Mediating." People don't consume our information anymore. They talk about it with others or hear about it in conversation. It is the conversations that now define the target, not consumers. Information is the topic of conversation. We are coping with the world through mediation. **All marketing is now wrapped in a social context. It's not mass media anymore. It's mass-mediated.**



# Travel Industry Overview

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- **Contentment.** Fun and spontaneity have been snatched away from us and we want it back! We want meaning in our lifestyles. It's not longer about accumulating stuff. Its about doing more in a broader context of things that really matter to us. Small is getting bigger.
- All the risk, all the stuff we used to do and used to collect is no longer as important as it used to be. **We're replacing all that stuff with internal commitment which is rooted in relationships.** We're moving from a definition of fun that originated from externally directed accumulation culture to an internally directed contentment culture. **Today, it's more about people than possessions.**

# Travel Industry Overview

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**NOTE:** These findings align well with our 2012 marketing campaign -- *Branson. It's Your Show.* -- which focuses on the bonding of our visitors during their Branson experience. It's more about getting closer to those you love than about all the things you can do or buy.



# Travel Industry Overview

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- **Luxury is back.** But it is Generation X and Millennials who are the most optimistic, and they are the ones spending.
- **Value is sticking.** More people are moving from dining out to going to supermarkets, more value seeking.
- **Necessities are being re-defined.** Necessities used to be considered food and shelter. Today's definition includes iPhones, Androids, etc.
- **Health matters.** Fitness is important. We're still spending on gym memberships, spas and health food.
- **Dining out is changing.** Moving to fast casual (e.g., Panera Bread)... or bars/lounges where social spending thrives.
- **Generations matter.** Boomers and Matures cut back their spending first, and they have still not recovered.

# Travel Industry Overview

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## Air Travel Recovery by Generation, 2010 vs 2009

	First Class	Business	Coach	Total
Millennials	-6%	+52%	+14%	+14%
Gen X	-7%	+38%	+10%	+11%
Boomers	-12%	+29%	+8%	+9%
Matures	-15%	+27%	+4%	+5%

Millennials and Gen X are considerably more likely to have returned to air travel than their older counterparts, Boomers and Matures.

# Travel Industry Overview

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## Hotel Room Demand, 2010 vs 2009

	Luxury	Upscale	Midscale	Economy
Millennials	+22%	+3%	+8%	+40%
Gen X	+6%	+14%	+2%	+43%
Boomers	+3%	+2%	-3%	+30%
Matures	-2%	-5%	-7%	+9%

Similarly, Millennials and Gen X are considerably more likely to have returned to hotel stays than their older counterparts, Boomers and Matures.

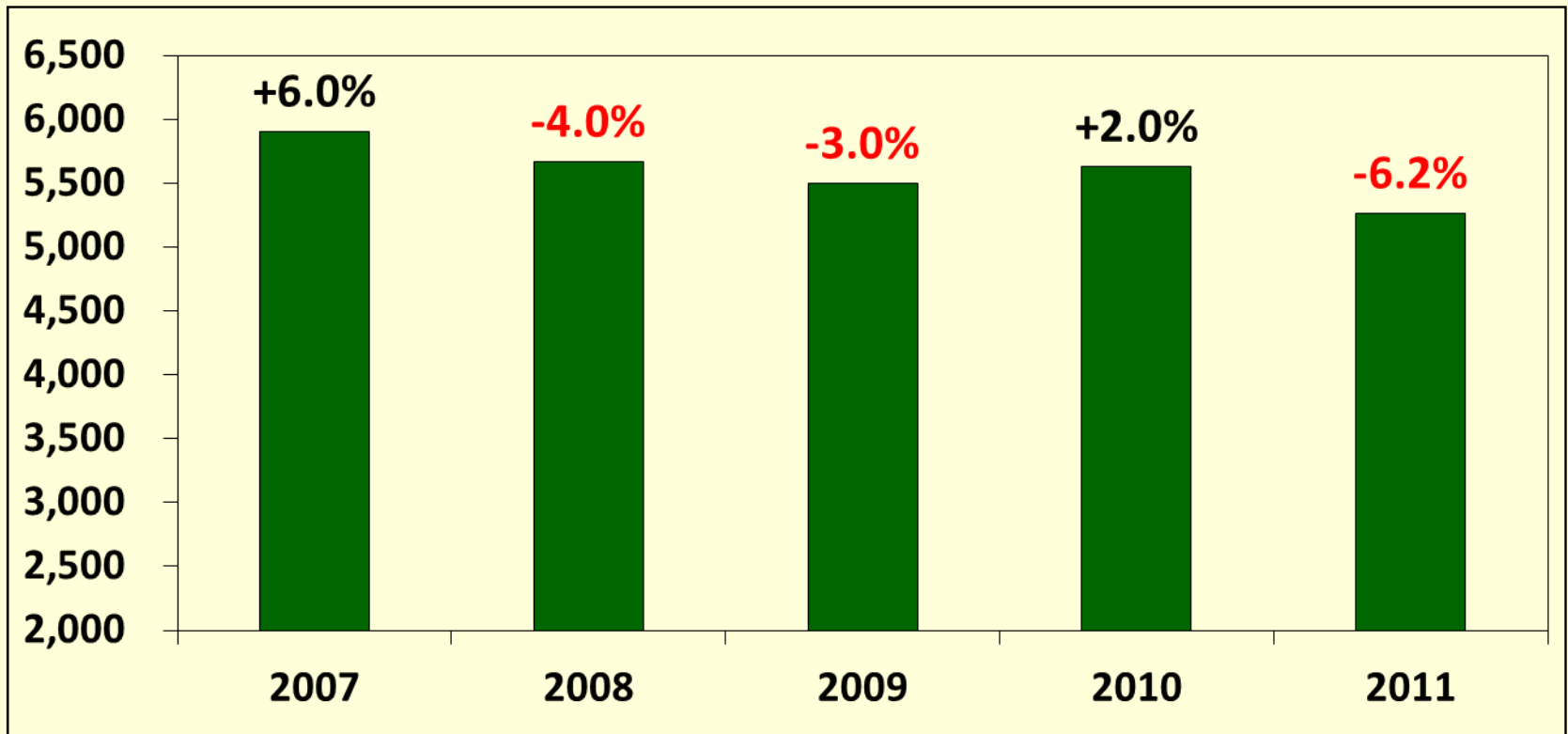
**This likely explains a great deal about why Branson has been hit harder than many other resort destinations nationwide.**

# **Branson 2011**

## **3rd Quarter YTD Performance**

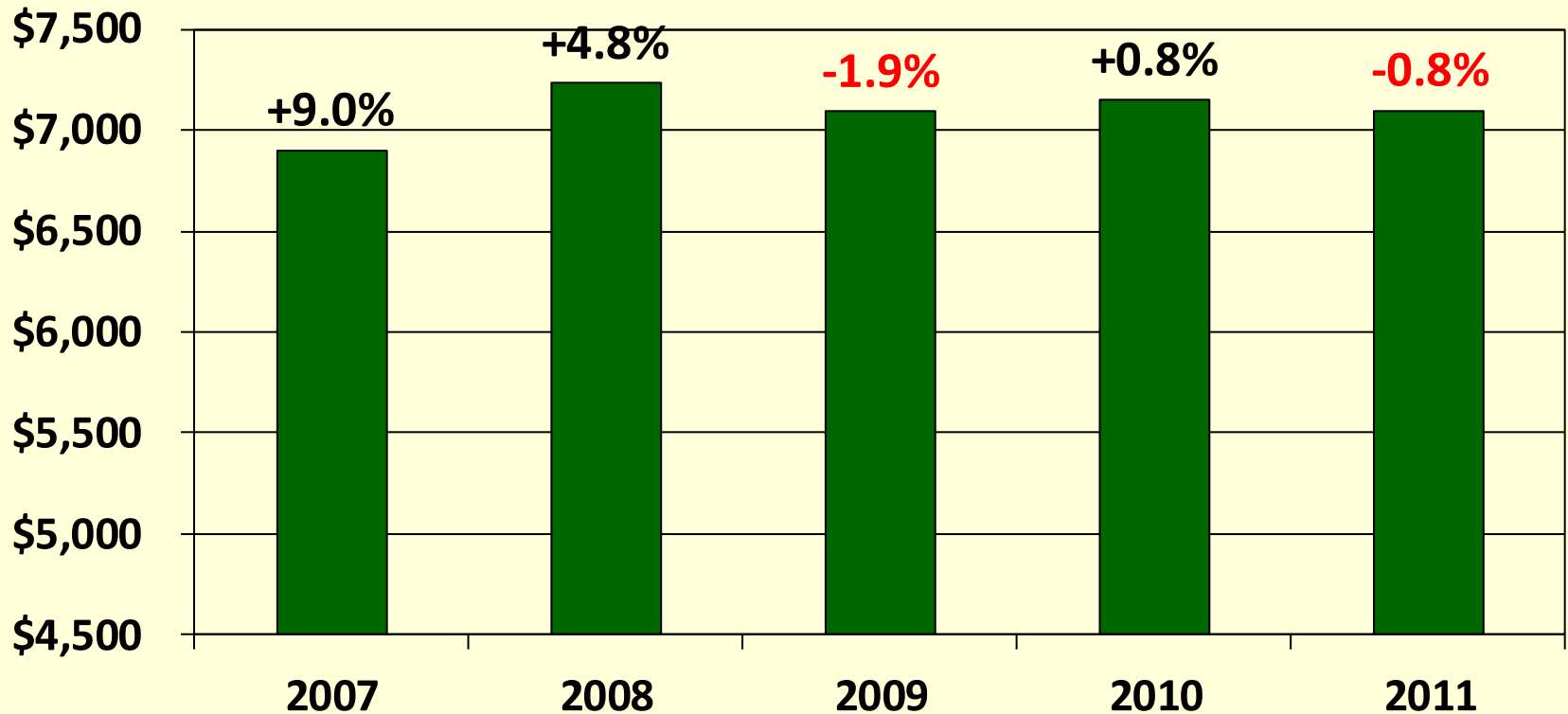


# Branson Visitation 3<sup>rd</sup> Quarter YTD 2007-2011



Source: H2RMarket Research based upon STR, regional tax collections

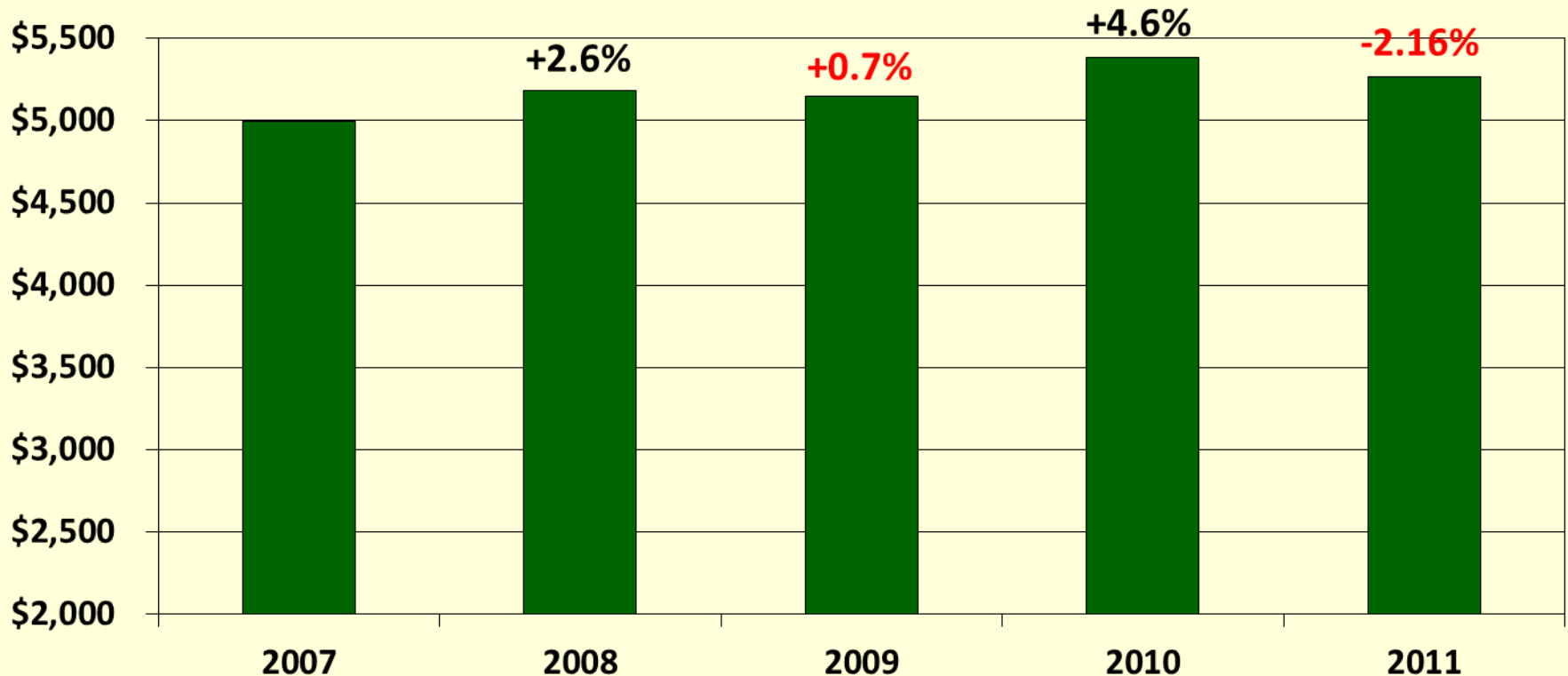
# City of Branson Sales Tax 3<sup>rd</sup> Quarter YTD 2007-2011



Source: City of Branson

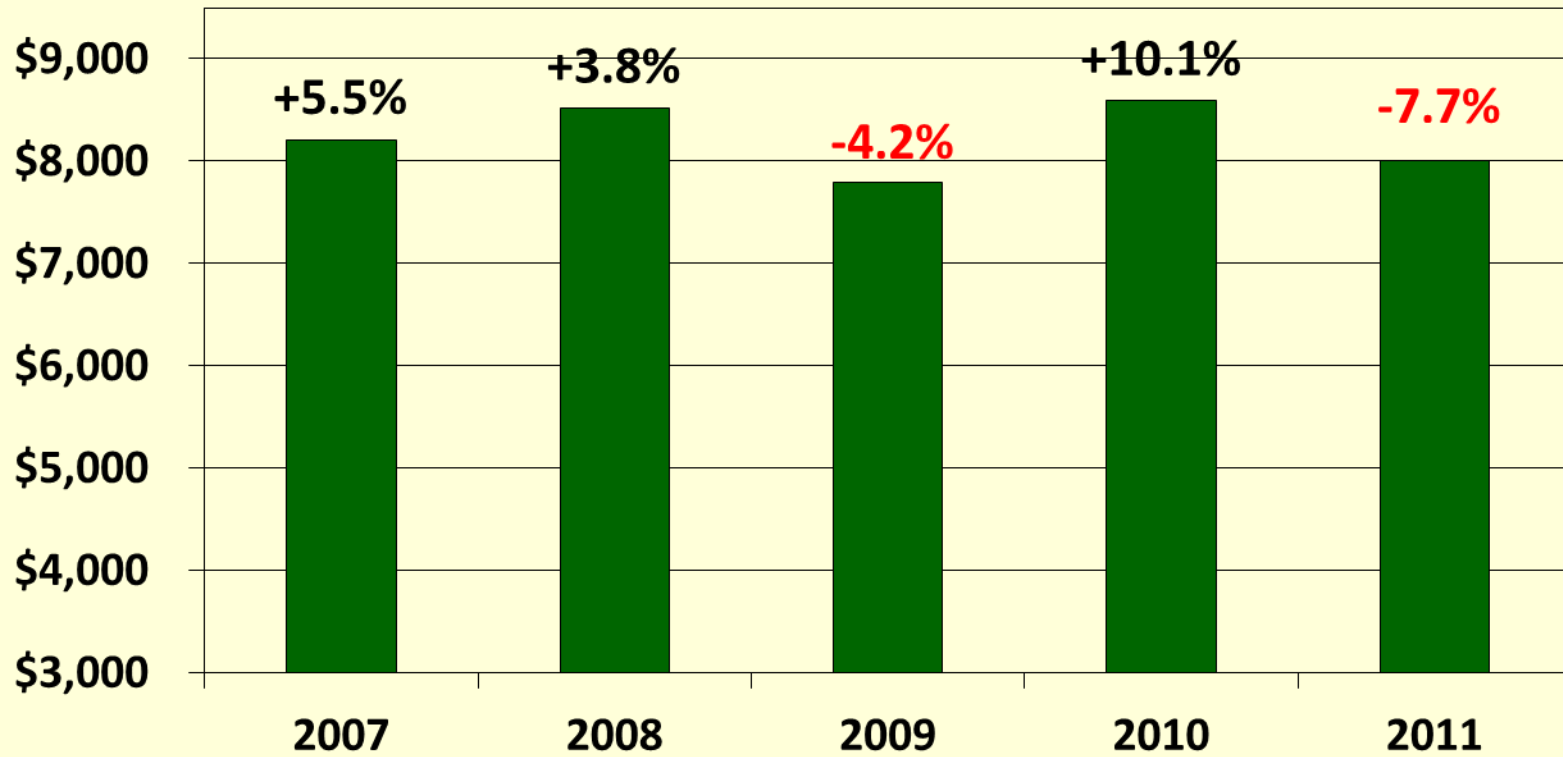


# TCED Tourism Tax 3rd Quarter YTD 2007-2011



Source: TCED

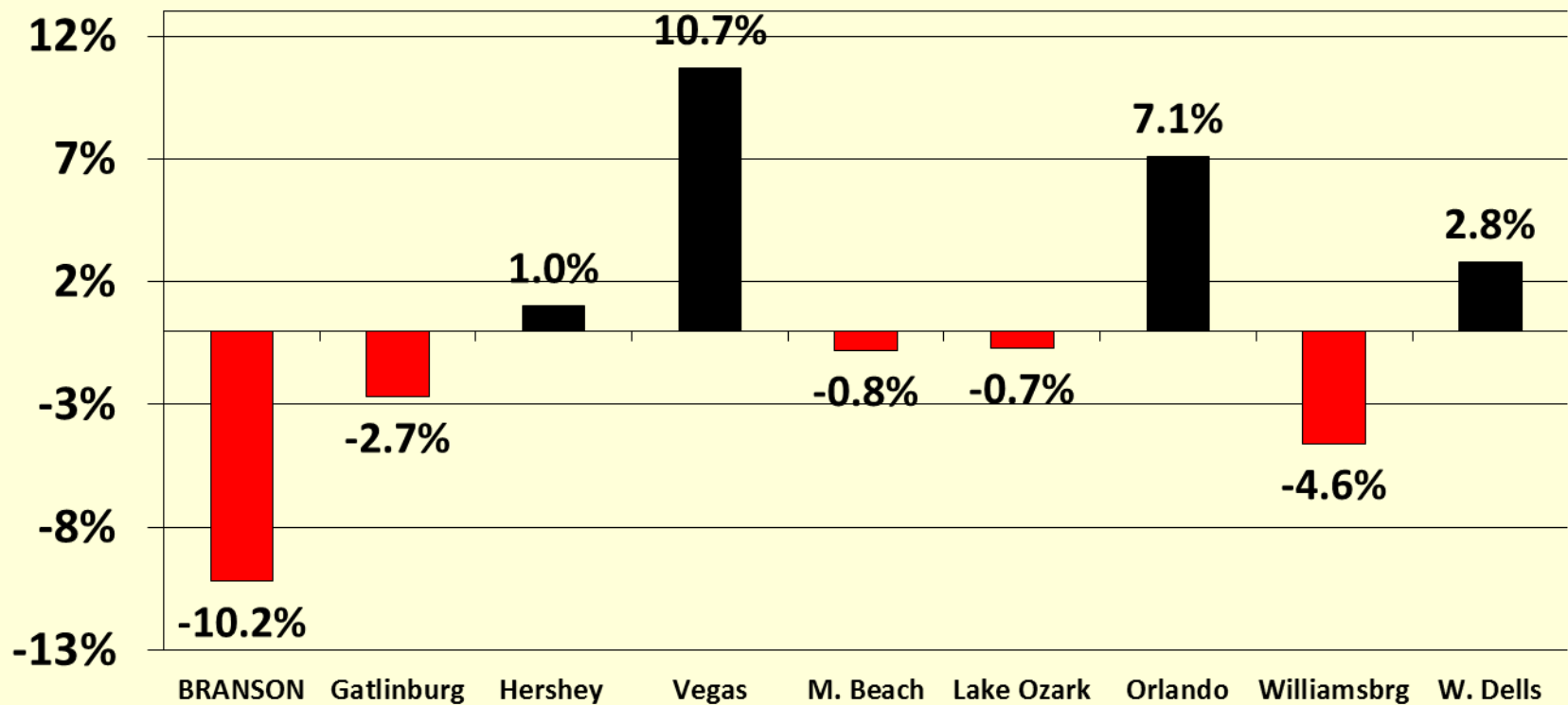
# City of Branson Tourism Tax 3rd Quarter YTD 2007-2011



Source: City of Branson

# Direct Competitors

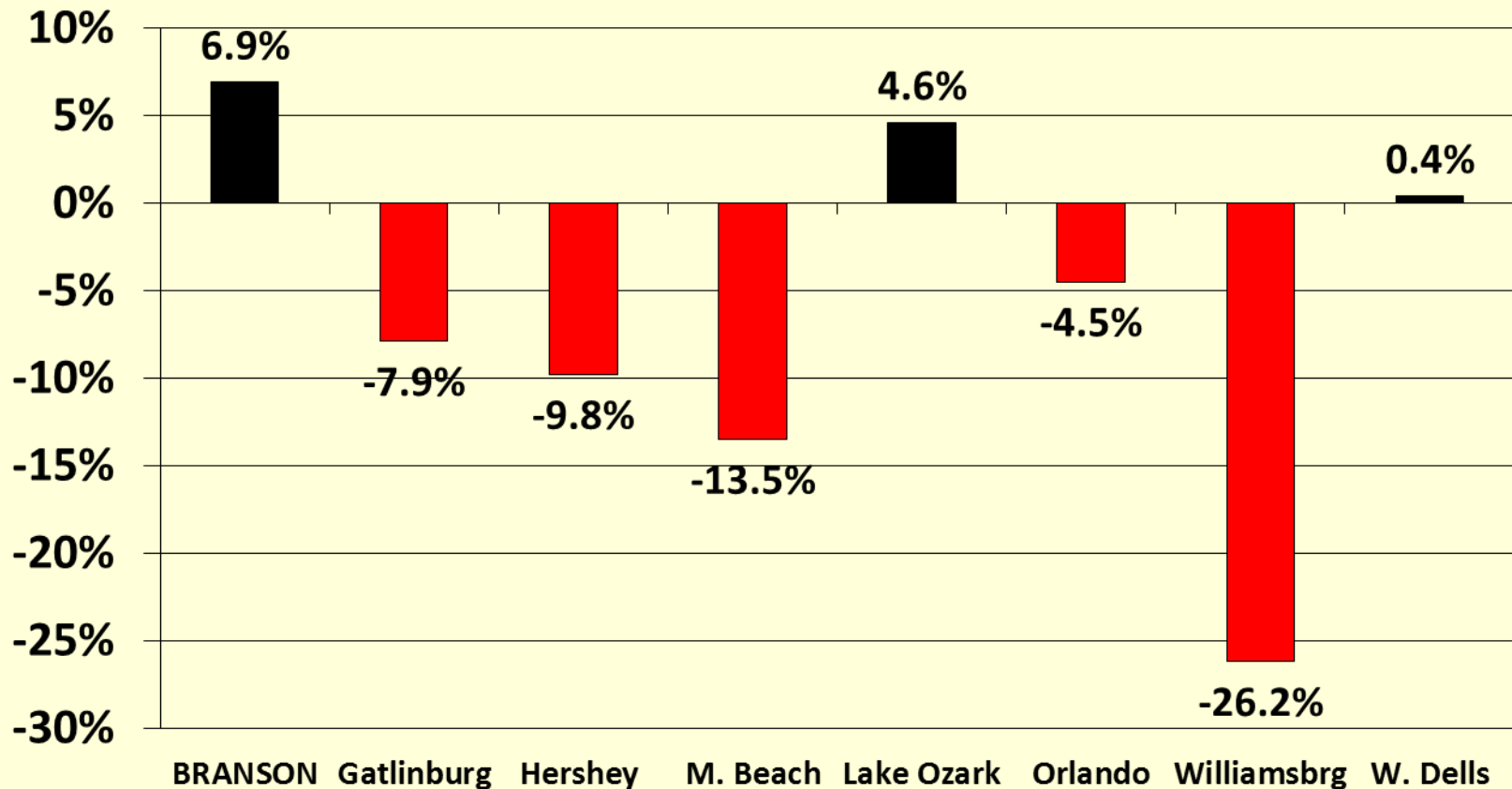
## 3rd Quarter YTD Room Demand



Source: Smith Travel Research

# Context: Direct Competitors

## 2008-2010 Room Demand Variance



Source: Smith Travel Research

# Branson Visitor Profile



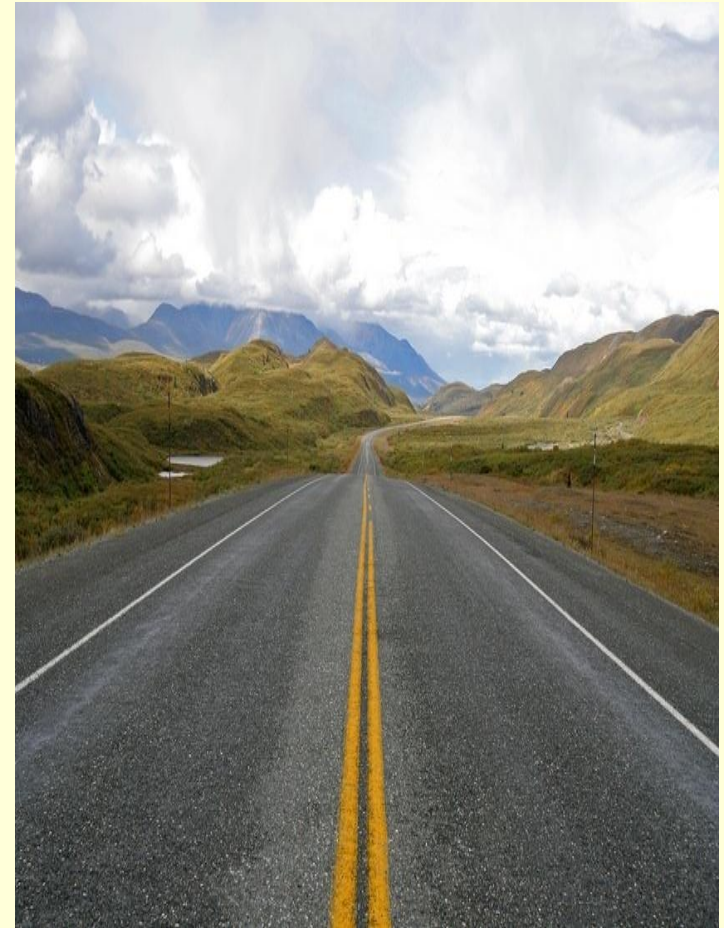
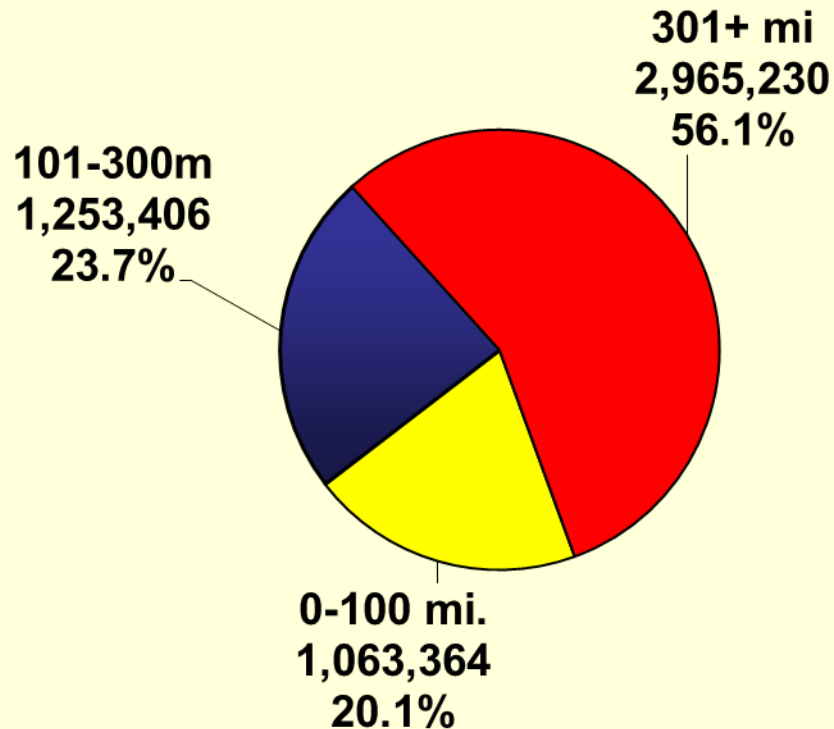
**What else** do we **know**  
about Branson visitors in **2011**?

# YTD September 2011 vs. YTD September 2010



	<u>2011</u>	<u>2010</u>
• <b>Spending per Party</b>	<b>\$902.09</b>	<b>\$871.78</b>
• <b>First-Time Visitors</b>	<b>23.9%</b>	<b>27.1%</b>
• Length of Stay	3.94	4.21
• Satisfaction	4.42	4.42
• Families	44.9%	44.2%
• Average Adult Age	55.3 yrs.	56.5 yrs.

# September 2011 Visitation by Distance



Source: BLACC/CVB Research Committee;  
Marketsource Research Center

# Market Growth YTD Sept. 2011 vs. YTD Sept. 2010



<b>Core Markets</b> (0-100 mi.)	<b>+1.0%</b>
<b>Primary Markets</b> (101-300 mi.)	<b>-7.0%</b>
<b>Outer Markets</b> (301-650 mi.)	<b>+6.0%</b>
<b>National Markets</b> (650+ mi.)	<b>-19.0%</b>
<b>OVERALL VISITATION</b>	<b>-6.2%</b>







BRANSON, MO 2011

# Advertising Effectiveness & ROI Study



# Key Deliverables & Objectives

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- Measure the baseline level of advertising awareness and recall generated among U.S. domestic travelers;
- Calculate the incremental travel generated that would not have otherwise occurred without Branson's advertising campaign; and
- **Evaluate the effectiveness of the marketing program in terms of awareness, market penetration and brand perception.**

# Executive Summary

Weather Impact

Advertising Awareness

Level of Visitation

Creative Evaluation

Incremental Impact

Return on Investment

Opportunity Cost

Brand Awareness



## KEY FINDINGS

BRANSON AD EFFECTIVENESS & ROI STUDY



## Rain and Floods and Tornadoes, Oh My!

Torrential rains, flooding and even the Joplin tornado plagued Southwest Missouri right in the middle of the Spring campaign's run. And, while bad weather is not uncommon in the Midwest during the Spring, **the amount of media coverage surrounding these events was far larger than normal.**

It is believed that as a result, many potential travelers consciously or unconsciously removed Branson from their consideration set for summer trips; however, **despite a challenging year, the fact is that it would have been far worse had the marketing campaign not worked as effectively as it did.**

## WEATHER IMPACT

BRANSON AD EFFECTIVENESS & ROI STUDY





## Ad Campaign Reached 23.8M

Overall, nearly **30% of travelers nationwide recalled seeing at least one of Branson's television advertisements.** This level of ad awareness is up from the 25% generated last year, and represents a new record.

Extrapolated across the total number of travelers in these markets, it is estimated that **Branson's ad campaign reached 23.8 million traveler households this year, up 22% from the 19.6 million recorded last year.**

Likewise, despite investing a little more on media this year, **the cost per aware household decreased from \$0.16 to \$0.14,** considered extremely efficient by industry norms.

# ADVERTISING AWARENESS

BRANSON AD EFFECTIVENESS & ROI STUDY



## **Level of Visitation/Incidence Decreased**

Overall, Branson attracted 2.0% of travelers nationwide to visit Southwest Missouri this past year. This includes an 8.0% penetration rate among Tier 1 households, 1.7% among those in Tier 2 and nearly a 1.5% share of those living in Tier 3.

Altogether, this equates to more than **1.62 million visitor households who visited this year, down 8% from the 1.76 million households recorded last year.**

**This year's decrease was driven by the decline in visitation from those unaware of Branson's ads, a segment that declined more than 20%.**

# **LEVEL OF VISITATION**

BRANSON AD EFFECTIVENESS & ROI STUDY



## Travelers Give Television Ads Very High Marks

The great majority (77%) of respondents indicated that Branson's television advertisements had a positive impact on their perception of the area, and all of the key message points resonated quite well.

In fact, Branson recorded increases in every single message point tested this year. The largest gains came in the area of "good place for an adult couple to visit," "makes Branson look like a friendly place" and "makes Branson seem like an affordable destination"—all generating an increase of 0.4 or better compared to last year.

# CREATIVE EVALUATION

BRANSON AD EFFECTIVENESS & ROI STUDY





## Ads Generate \$291M in Incremental Spending

Reaching nearly 30% of travelers across the country and generating a very positive reaction to the ads are very important considerations, but to be effective the campaign must also **drive travelers to Branson who would not have otherwise visited.** Branson's 2011 television advertisement delivered well in this area.

**This year's campaign generated 301.3k *incremental* trips to the area and produced \$291 million in incremental travel spending, up nearly \$125 million from last year.** Hence, while the area may be down overall, things could have been much worse had it not been for the effectiveness of the ad campaign.

# INCREMENTAL IMPACT

BRANSON AD EFFECTIVENESS & ROI STUDY



## **Advertising ROI Increases to \$88**

Despite generating a slightly lower level of incremental visitation this year, Branson's increased ad awareness coupled with a slightly larger base of U.S. travelers was enough to propel the effectiveness of the campaign.

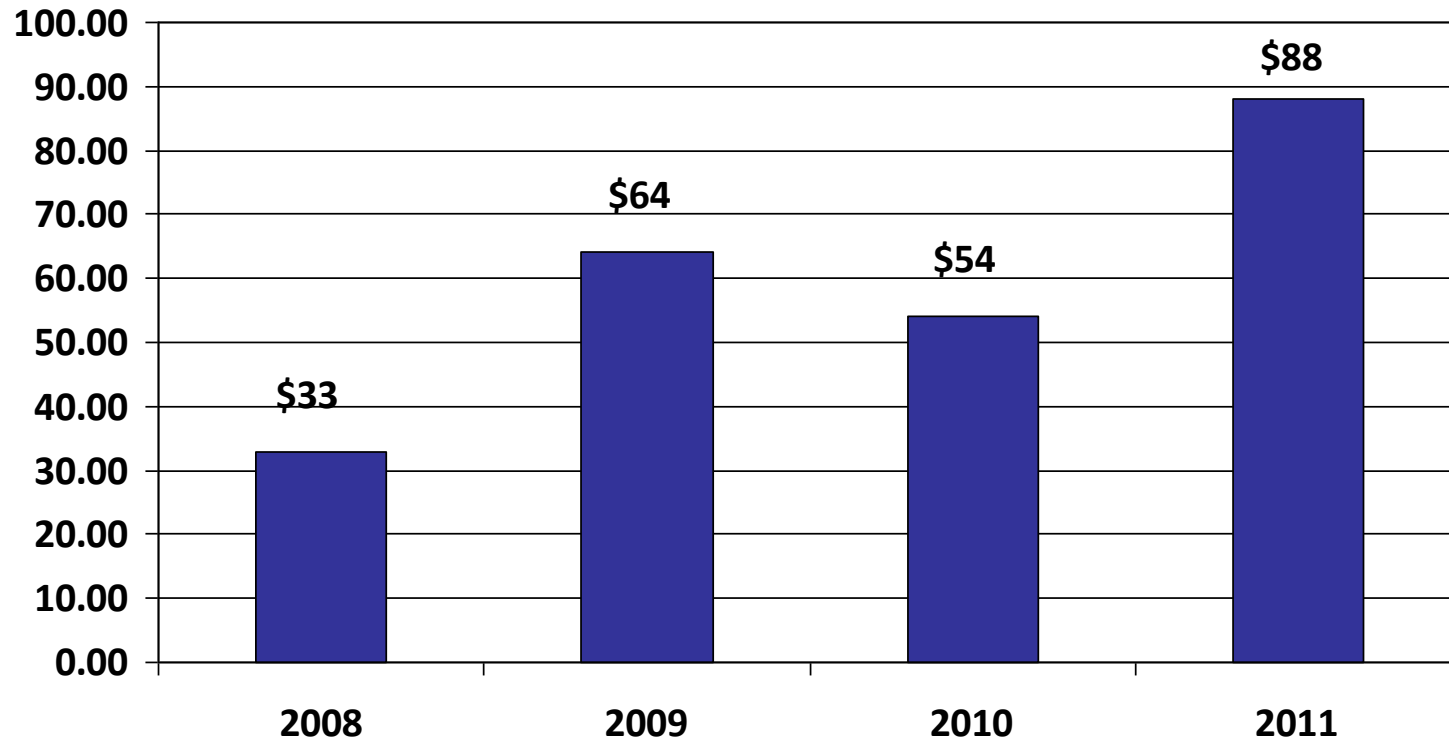
**Overall, Branson's \$3.30 million ad investment generated nearly \$291 million in incremental visitor spending which equates to a return on investment of \$88, up from last year's \$54 ROI.**

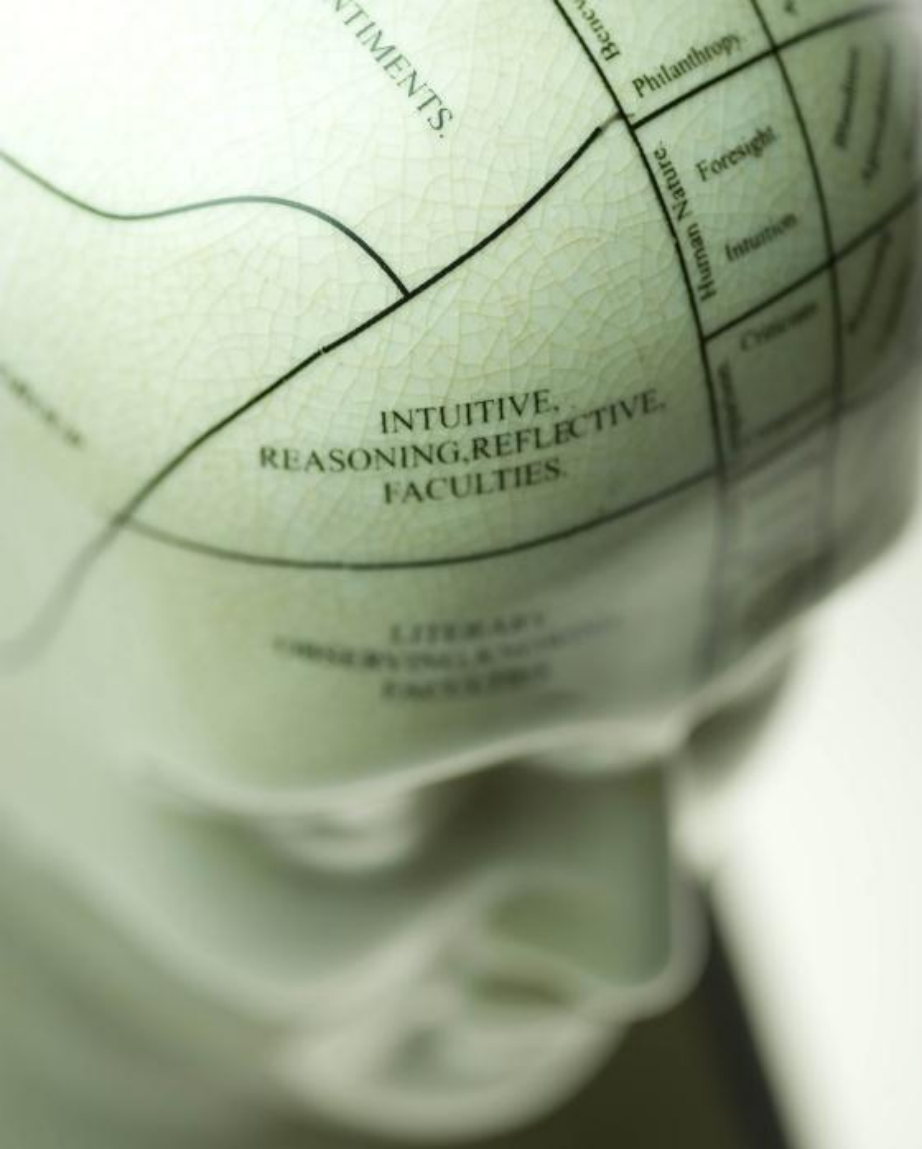
# **RETURN ON INVESTMENT**

BRANSON AD EFFECTIVENESS & ROI STUDY

# History of ROI

Branson's marketing efficiency, as measured by the overall campaign's ROI, has improved steadily over the past several years.





## **It Could Have Been Worse**

While Branson's gross incremental spending from tourism appears to have fallen backwards in 2011 overall, things could have been much, much worse. Given the current economic environment and the fact that most indicators have fallen steadily throughout 2011, Branson could have taken an even more significant hit in 2011 had it not been for the marketing campaign.

**As is, this research indicates that about 8% fewer households have visited Branson in 2011. Had it not been for the increase in visitation among aware households, Branson's visitation may have fallen by a significantly greater amount.**

# **OPPORTUNITY COST**

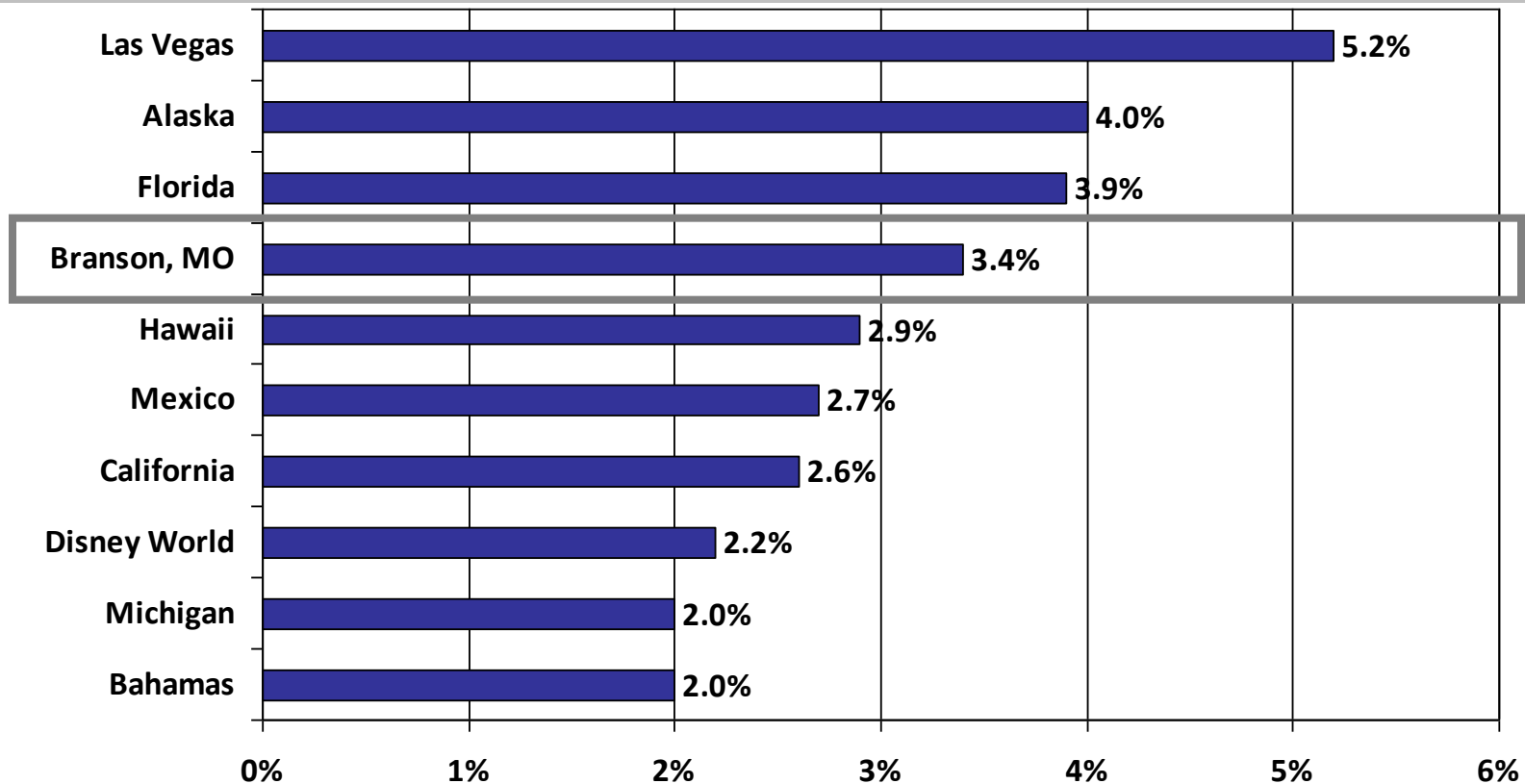
BRANSON AD EFFECTIVENESS & ROI STUDY

Branson's **brand awareness**  
**ranked 4<sup>th</sup>** nationwide in  
**unaided recall** behind only  
**Las Vegas, Alaska and**  
**Florida.**



# Destinations with Highest Unaided Ad Awareness

Overall, Branson's travel ads ranked 4<sup>th</sup> in unaided recall across all three tiers of respondents. Branson ads were mentioned by 3.4% of all respondents.



# Summary Metrics

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	2011	2010	2009
Advertising Recall	29.4%	25.2%	23.8%
Aware Households	23.8 M	19.6 M	20.2 M
Increment	+1.3%	+1.4%	+1.8%
Incremental Trips	+301,322	+272,343	+363,987
Incremental Spending	\$290.9 M	\$166.0 M	\$269.1 M
Media Investment	\$3.30 M	\$3.05 M	\$4.22 M
<b>ROI</b>	<b>\$88</b>	<b>\$54</b>	<b>\$64</b>

# 2011 Christmas Media: \$485,000



- 3 week Network Cable TV flight on 14 highly-targeted networks (10/24 – 11/13): \$200,000
- 4 week 750 TRP TV flight in Ft. Smith, KC, LR, Tulsa (10/31-12/11): \$150,000
- 4 week 750 TRP TV flight in Springfield, Joplin (11/7-12/18): \$45,000
- 4 week Bott Christian Radio Network (10/24-11/13): \$15,000
- 8 week web media campaign in primary markets (10/24 - 12/20) -- \$75,000

# 2011 Fall/Christmas Forecast



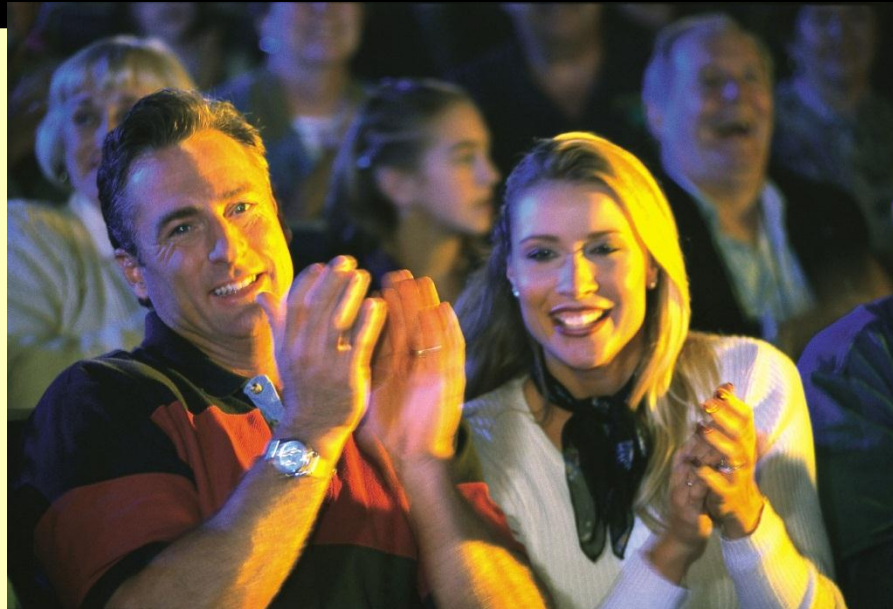
- Most research indicates that, even in this challenging economic climate, there is pent-up demand for travel, particularly within 650 miles.
- As the weather cools down, we anticipate growth in visitation by adult couples, both seniors and empty-nesters.
- Early indications are that October and November visitation has been stronger.



# 2012 Strategic Plan



**Execute strong brand strategy with Sterling Group (brand image), Camelot Communications (media), and Latitude/Richards Group (new creative agency) to drive new visitation to the Branson/Lakes area.**





**Thank you.**